BUDGET MANAGEMENT PROCEDURE

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FURTHER INFORMATION

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1. INTRODUCTION

1.1 Purpose

This procedure details the key responsibilities and parameters for the preparation and management of the Global Accreditation Cooperation Incorporated (Global ACI) budget.

2. RESPONSIBILITIES

2.1 The Global ACI Treasurer shall oversee the development of the draft annual budget for the Executive Committee.

2.2 The Executive Committee is responsible for reviewing and finalising the draft annual budget to ensure cost effectiveness and that it is in line with the Global ACI strategic plan. The Executive Committee shall also propose changes to the budget objectives where appropriate.

2.3 The Global ACI Treasurer, on behalf of the Executive Committee, will propose the draft budget and financial settings required to meet the budget objectives to the General Assembly for the coming calendar year.

2.4 The Global ACI General Assembly is responsible for approving the Global ACI budget, fees and budget objectives.

2.5 The Global ACI Executive Committee is accountable to the membership for managing the Global ACI budget.

2.6 An external financial audit will be conducted by a fully qualified external auditor. The auditing firm that provides the auditor will be appointed by the Executive Committee.

2.7 The Financial Audit Committee (terms of reference identified elsewhere) shall review the annual financial audits and report its findings to the General Assembly.

3. BUDGET PREPARATION

3.1 All members of the Executive Committee are responsible for advising the Global ACI Treasurer of any specific funding needs for the following calendar year. This information should be provided (wherever possible) prior to the first meeting of the Executive Committee each year.

3.2 The Treasurer, in conjunction with the Global ACI Deputy Secretary and Finance Officer (a member of the Secretariat, that is a Certified Practicing Accountant (CPA)) will prepare a draft budget taking into account requests for funding, instructions from the General Assembly, recommendations from the Financial Audit Committee and the operational needs of Global ACI. The membership fee shall be set in accordance with the budget objectives agreed by the General Assembly.

3.3 A first draft of the Global ACI budget (for the following year) will be submitted for consideration during the first scheduled Executive Committee meeting of each year.

3.4 The draft budget agreed by the Executive Committee will be distributed to the Global ACI members for their consideration and approval during the General Assembly meeting.

4. BUDGET MANAGEMENT

4.1 The Executive Committee is accountable for establishing appropriate financial management policies and, through the Global ACI Treasurer, for monitoring their implementation.

4.2 The Global ACI Treasurer shall ensure compliance with all policies of the Executive Committee with respect to financial administration.

4.3 The Global ACI Treasurer, in conjunction with the Global ACI Finance Officer, will provide the Executive Committee with quarterly financial reports that will include variance reporting with explanations at the line item, budget category and overall budget levels. The quarterly reports will also include a forecast of revenue and expenditures to the year end to assist the Executive Committee in determining either remedial action to prevent overspending outside the 5% approval limit at category expense level or 3% overall approval limit of the total approved budget for the year, or to seek General Assembly approval in advance. The Executive Committee therefore exercises effective budgetary control by a) supervising the preparation of the budget before recommending it to the General Assembly, b) reviewing and making enquiry on budget variance items at the line-item level on a quarterly basis and c) evaluating budget forecast to ensure the 5% (expense category level) and 3% (total approved budget for the year) approval limits would not be exceeded.

4.4 Budget line items such as ‘developing countries support’ and ‘communications and marketing’ will be managed by the relevant Committee Chair with the support of the Global ACI Secretariat, however, the Executive Committee will remain accountable for the total expenditure for all line items in the budget.

4.5 Dual-authorisation/bank signatory control is a mandatory requirement for the bank accounts for Associations in Australia. The Secretariat currently uses a third person to create the transaction prior to the dual authorisation of transactions.

4.6 Where the proposed expenditure for a specific line item exceeds the amount allocated in the budget, the Executive Committee shall have the discretionary authority to approve the expenditure after having considered the purpose and the need for such expenditure. The Executive Committee will always keep in mind the need to maintain the category and total expenditures within the amounts in the approved budget. The Secretary shall maintain a record of the basis for any such decision taken by the Executive Committee.

4.7 The Executive Committee shall have the discretionary authority to approve budget overrun for an amount of up to 5% of the budget at expense category level with an overall limit of 3% of the total approved budget for the year. Expenditure requests that would lead to either the budget at expense category level or the total Global ACI expenditure exceeding the approved budget expenditure for the year, by more than 5% or 3% respectively, must be approved by the General Assembly. The budget control procedures and management oversight described in paragraph 3 above should provide the Executive Committee with adequate time to control budget overspend and therefore minimize the risk of overspending in excess of the 5% limit at expense category level or the 3% overall limit of the total approved budget for the year.

4.8 The Executive Committee may delegate the responsibility for approving requests for funding, that arise between meetings of the Executive Committee, to the Chair and Vice Chair, provided that the resultant commitments will not exceed the corresponding approved budgets, in any line item, budget category or overall budget levels. Any funding request which if approved will result in overrun of the approved budget shall be approved by the Executive Committee. The same parameters and requirements for documentation, detailed elsewhere in this procedure, shall apply.

5. AMENDMENT TABLE

Section	Previous Version	Summary Of Changes
All	-	New issue of the establishment of Global Accreditation Cooperation Incorporated